

Chapter 2

The Role of Digital Technology in Rural Entrepreneurship and Innovations

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ABSTRACT

Rural entrepreneurship paves the way to solve issues faced by rural population by spurring economic development in the rural areas. However, the entrepreneurial ventures within the rural areas also face a number of issues in initiating new ventures. The advancement of the digital technologies, technological platforms, and digital artifacts may provide a solution for such issues faced by the rural entrepreneurs. This chapter aims to explain how digital technologies assist rural entrepreneurs in overcoming the problems they face. In addressing this problem, the chapter will provide a broader understanding of the rural entrepreneurship and the issues it faces. The solutions for these issues are then discussed by highlighting the role of digital technology in supporting entrepreneurial ventures. Finally, a conceptual framework depicting the drivers of rural digital entrepreneurship is presented.

INTRODUCTION

The variations in the entrepreneurial activity across urban and rural economies have been observed by the entrepreneurship scholars over a period of time. This has provided the premise for understanding the entrepreneurial processes based on the various context it operates in (Lang, Fink, & Kibler, 2014). Additionally, the governments of developing countries have come to the realization that no development will be meaningful if the rural communities are not carried along (Nwankwo & Okeke, 2017). Rural entrepreneurship and rural innovation have assumed greater importance because of these factors.

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The term rural usually reflects sparsely populated land and the rural communities generally face significant challenges in carrying out their day to day activities. According to the United States Census Bureau (2017), rural areas are ‘areas with low population densities situated away from the urban areas.’ The challenges faced by the rural communities include low income, low productivity, high degree of unemployment, low population rate, poor technological growth, low infrastructures, high illiteracy rate, malnutrition etc. (Nwankwo & Okeke, 2017). These challenges maybe overcome by rural entrepreneurship which is likely to spur the economic growth in rural communities (Sathya, 2019).

The process of entrepreneurship is supported by a number of underlying factors such as change management, innovation, technological and environmental turbulence, new product development, small business management, individualism and industry evolution (Murray & MacMillan, 1988). Entrepreneurship is defined as the process of innovating, risk taking, integrating resources in a unique way to satisfy an identified opportunity by taking the risks attached to it through the introduction of a new phenomenon or changing the existing nature or a phenomenon (Schumpeter, 1934; Hisrich, Langan-Fox, & Grant, 2007; Newman, Obschonka, Schwarz, Michael, & Nielsen, 2019). Rural entrepreneurship denotes the entrepreneurial activity that takes place in large open spaces and small population settlements (Korsgaard, Muller, & Tanvig, 2015). Rural entrepreneurship is formally defined as the entrepreneurial activity that is emerging at village level, taking place in a number of industries such as agriculture, tourism etc. and acts as a potential factor for overall economic development (Sathya, 2019). The increasing entrepreneurial capacity and capability of the rural areas has been identified as a way of addressing the economic development constraints and the underperformance in rural areas (Jordaan, Alderson, Warren-Smith, & Lehmann, 2003; Atherton, 2004; McElwee & Atherton, 2011).

Rural entrepreneurship faces a number of barriers such as inadequate resources (human, financial, knowledge), unavailability of infrastructure facilities, low access to markets etc. in conducting its operations. Digitalization or the use of technologies has provided opportunities for growth to entrepreneurs in general (Lekhanya, 2018; Raisanen & Tuovinen, 2020). Such technological capabilities may also allow the rural entrepreneurial ventures to innovate making them more competitive (Madrid-Guijarro *et al.*, 2009 cited in Kotey & Sorensen, 2014). The diffusion of technology in today’s world and the ability of the rural population to access this technology has opened new avenues for rural entrepreneurship. For example, the rural entrepreneurs now can access new markets through e-commerce platforms, use technology to enhance communication between the suppliers and the customers, leverage financial technologies and gain new skills through educational services applications. All these allow the rural enterprises to act as large as the urban enterprises etc. at low costs, low experimental processes and low risks. Despite the potential, the rural entrepreneurship phenomenon has not fully exploited the opportunities provided by digital technologies. This chapter aims to explicate how rural entrepreneurship can effectively harness digital technologies to create social and economic value. Following are the three specific objectives of this chapter:

1. To provide a broader understanding of the concept of rural entrepreneurship and how the theories of entrepreneurship explain the concept of rural entrepreneurship.
2. To identify the issues being faced by entrepreneurs in rural environments.
3. To understand how technology may provide opportunities for rural entrepreneurs to resolve entrepreneurial challenges associated with a rural context.

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